



COMMONWEALTH of VIRGINIA

DAVID A. VON MOLL, CPA
COMPTROLLER

Office of the Comptroller

P. O. BOX 1971
RICHMOND, VIRGINIA 23218-1971

November 21, 2005

MEMORANDUM

TO: Fiscal Officers of Agencies and Institutions

FROM: Lewis R. McCabe, Director
General Accounting

SUBJECT: Cost Recovery Audit Update

In June 2005, the Department of Accounts announced the engagement of PRG-Schultz USA, Inc. to provide cost recovery audit services required by Code of Virginia [§ 2.2-1822.1](#). PRG-Schultz began its audit in July.

The first stage of the audit requires significant “back room” effort by PRG-Schultz. This includes using proprietary analytical software to review payment files and produce customized reports. PRG-Schultz has completed much of its automated analysis and has begun field work, including on-site review of original payment documents. PRG-Schultz teams are working now at several agencies and universities, and will begin work at additional sites during early 2006.

Meanwhile, agencies not yet hosting auditors may still expect to hear from PRG-Schultz regarding “statement letters” (sample on next page) already mailed to the state’s major suppliers. Statement letters may elicit responses from some vendors, acknowledging they owe money to an agency; PRG-Schultz routinely contacts the agency in such situations.

For specific information on the audit process and procedures, you may contact Mark Murray (mark.murray@doa.virginia.gov or 804-225-3325), who serves as statewide contract administrator for cost recovery audits.

Thank you for accommodating PRG-Schultz by retaining original documentation related to FY 2002 through FY 2004 payments until audited, and for general support of this process.

LRM/mjm

Sample Statement Letter

Dear Accounts Receivable Supervisor:

The Commonwealth of Virginia has engaged PRG-Schultz USA, Inc. to perform a statewide cost recovery audit for state agencies and institutions in accordance with § 2.2-1822.1 of the Code of Virginia. A list of state agencies and institutions is provided on the back of this letter. In connection with this examination, PRG-Schultz is requesting your most recent **statement or aging for accounts with any and all of these agencies and institutions**. Your statement or aging should identify the following types of transactions:

- Open invoices and credit memos
- Deductions or payments on account
- Unapplied cash, cash on account, or deposits
- Other items in suspense and other deferred items

Delivery options for your statement or aging are:

U. S. Mail: Accounts Payable Special Projects
 Attention: Philip Keeneth, Audit Manager
 P. O. Box 725229
 Atlanta, GA 31139-9998

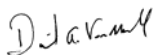
Fax: 866-714-7702 Phone: 866-273-3196

E-Mail: philip.keeneth@prgx.com

Please return this letter, including your name, telephone number, and any other information you would like to convey, as soon as possible. **If you have a zero balance**, please check the box below. **Please do not send copies of invoices.**

Thank you for your assistance.

Sincerely,



David A. Von Moll

Check here if all balances are zero (no credits)

☐

Your name and title

Your company's name

Your telephone number
